BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

---------In the Matter of--------	)	DOCKET NO. 2008-0273
	)	
PUBLIC UTILITIES COMMISSION	)	
	)	
Instituting a Proceeding to Investigate the Implementation of Feed-in Tariffs.	)	
	)	

THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM'S COMMENTS ON THE HECO COMPANIES' REPORT ON RELIABILITY STANDARDS AND

CERTIFICATE OF SERVICE

Estrella A. Seese
Manager
Energy Planning and Policy Branch
Hawaii State Energy Office
Strategic Industries Division
Department of Business, Economic Development and Tourism
State of Hawaii
235 S. Beretania Street, Room 500
Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359
Honolulu, Hawaii 96804

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The Department of Business, Economic Development and Tourism ("DBEDT"), by and through its Director ("Director") in his capacity as the Energy Resources Coordinator ("ERC"), through the Hawaii State Energy Office, hereby submits to the Hawaii Public Utilities Commission ("Commission") its comments on the HECO Companies' *Report on Reliability Standards* ("HECO REPORT") filed with the Commission in the above captioned docket on February 8, 2010. DBEDT's comments are submitted pursuant to the amended procedural schedule approved by the Commission's Order issued on March 11, 2010.

BACKGROUND

Pursuant to the procedural schedule for the remainder of the docket approved by the Commission's Order issued on October 29, 2009 ("Order Setting Schedule"), as amended, the HECO Companies ("companies" or "utilities") filed a "*Report on Reliability Standards*" on February 8, 2010. The HECO REPORT was the response to the Commission's directive "to develop reliability standards for each company, which should define most circumstances in which FIT projects can or cannot be incorporated on each island". (Decision and Order, September 25, 2009, at 50.) The Commission's directive required that the standards should provide greater predictability with respect to reliability issues for the developers.

The HECO REPORT did not develop nor provide the reliability standards required by the Commission's Decision and Order. Instead, based on certain "system studies" purportedly developed or commissioned by the HECO Companies, the HECO REPORT provided the following conclusions and proposals:

1) The Oahu studies found that there are no significant system wide reliability or curtailment issues and proposed to allow the addition of 60 MW of distributed generation ("DG") from the FIT program. (HECO REPORT, Exhibit 1, at 4.)

2) The studies indicate that there is minimal or no room on the HELCO and MECO systems at this time to accommodate additional renewable resources (FIT or otherwise) without significant curtailment of existing or planned renewable resources, or threat to system reliability, and thereby proposed to defer any additional variable distributed generation interconnection requests to these systems until appropriate mitigation measures are identified and employed. (HECO REPORT, Exhibit 1, at 4 & 30.)

3) For Lanai and Molokai, the HECO REPORT simply proposed to defer additional DG interconnections. (HECO REPORT, Exhibit 1, at 30.)

In a letter filed on February 26, 2010 in response to the February 19, 2010 Commission's directive to clarify their deferment proposals for HELCO and MECO, the HECO Companies offered the following major clarifications:

1) None of the HECO Companies are stopping any DG interconnection requests on any of the islands, nor are they calling for any moratorium on renewable energy development.

2) The HECO Companies are continuing to accept net energy metering applications on all islands. HELCO and MECO will continue to accept applications up to the

existing program limit of 3% of the respective island's system peak. However, the PUC-approved settlement in Docket No. 2006-0084 to increase the NEM limit to 4% of the island's peak load is now proposed to be subject to evaluation by the companies' proposed Reliability Standards Working Group (RSWG) in light of the issues raised in these systems.

3) They are committed to moving forward with the implementation of the FIT Program on Oahu as soon as possible. They also still "desire" to implement the proposed PV Host program on this island.

4) They proposed that the timing of implementing FIT on HELCO and MECO be subject to review by the proposed RSWG. They also proposed that the companies' proposed PV Host program on Maui and Hawaii (Big Island) be deferred indefinitely, until the renewable generation integration issues are resolved.

5) As to the Commission's request to describe "how and when will appropriate mitigation measures be identified and employed", the HECO Companies' response was to convene a RSWG as quickly as possible, and "[i]t would be this Working Group's responsibility to develop near-term, mid-term, and long-term solutions to the issues and move them to implementation as

quickly as possible…" (HECO RESPONSE, February 26, 2010, at 3.)

DBEDT offers the following comments on the HECO REPORT's conclusions and recommendations, and the companies' clarifications of their proposal as summarized above.

DBEDT's COMMENTS

1. The implementation of the FIT Program on any island should not be delayed. The need for and the prudency of implementing feed-in tariffs ("FIT Tariffs")to achieve Hawaii's energy independence by reducing the State's dependence on imported fossil fuel by 70% in the next 20 years, has been acknowledged and confirmed by the Commission's decision and order issued on September 25, 2009 ("PUC Order"). The expeditious implementation of the FIT Tariffs is becoming increasingly essential in achieving Hawaii's clean energy goals for the following reasons:

   a. Since the initiation of this docket almost two years ago, only two purchased power agreements (PPAs) were completed and executed on Oahu with a total purchased power of only 36.6 MW. Both PPAs are still pending Commission approval.[1] HELCO and MECO signed only one

[1] Includes the PPAs with Kahuku Wind Farm (30 MW) and Honua Power (6.6 MW). See HECO Companies Response to SA/HSEA-RS-IR-16.

PPA each for the last two years.[2] No PPA was signed for Maui Division. To-date, no awards have been made under HECO's RFP for 100 MW renewable generations issued in September 2007 (almost 3 years ago), making the effectiveness of the competitive bidding procurement of renewable resources highly suspect.

b. Neither of the projects for the aforementioned PPAs completed for Oahu has been developed and interconnected to the system. In other words, no new renewable generation from PPAs have been added to the HECO system since the initiation of this docket almost two years ago in October 2008. In the meantime, the Commission has approved to implement a decoupling mechanism for the HECO Companies.[3] The decoupling mechanism approved by the Commission does not include a target performance goal based on the amount of renewable generation. The decoupling mechanism for the HECO Companies effectively provides rewards in terms of financial security to the utilities without any corresponding expectation of performance with respect to the achievement of the State's energy

[2] HELCO signed a PPA with Keahole Solar Power (500kW CSP), and MECO signed a PPA with Lanai Sustainability Research (1.2 MW but currently operating at only 600 kW).

[3] Docket No. 2008-0274, Commission Order issued on February 19, 2010.

goals, which was the basis for initiating the decoupling docket.

With the failure to link the decoupling mechanism with target performance goals based on amount of achieved renewable energy, the implementation of the FIT Program becomes even more imperative in order to protect the consumers interests. DBEDT believes that the benefit to the ratepayers of the PUC-approved decoupling mechanism is inextricably tied to reducing Hawaii's dependence on imported fossil fuel. The implementation of the FIT Program for any island should not be delayed. The FIT Program should be implemented at the same time as when the decoupling mechanism becomes effective so as to balance the utilities' financial rewards with ratepayers' benefits.

c. The achievement of the RPS goals for 2015 and beyond will require the expeditious implementation of the FIT Program, and the continuation of the NEM program.

2. The generation mix in the HECO systems have essentially remained the same since the initiation of this docket almost two years ago. The new renewable resources that have been added to the systems in the last two years are mostly the net energy metered systems (NEM), the majority

of which are relatively small and are mainly load-offsetting systems. DBEDT observes that the system conditions with respect to the amount of renewable generation penetration have not significantly changed since the Energy Agreement was signed in October 2008 wherein the HECO Companies committed to pursue a total of 1612.4 MW of renewable generation, including 147.5 MW for HELCO and 156.9 MW for MECO. The existing renewable penetration levels used in the HECO REPORT are the same as those observed when these commitments were made by the Companies in the October 2008 Energy Agreement. They are the same penetration levels when the companies filed their proposed PV Host program wherein the HECO Companies proposed to install as much as 4.0 MW on the HELCO and MECO systems ranging in size from 250 kW to 500 kW. Furthermore, the same level of renewable generation penetration was reflected in the HECO systems when the HECO Companies determined their project size proposals for eligible FIT projects, which ranged up to 250 kW for HELCO and MECO, and which they defended as reasonable and doable given the small island systems. In other words, the system conditions that the HECO REPORT used to recommend deferral of additional DGs are the same as the conditions used by the companies to originally determine their energy

commitment, PV Host Program, and FITs proposals to supposedly help achieve the State's energy goals.

3. The HECO Companies failed to develop and provide clear, transparent, and measurable reliability standards as directed by the Commission. Reliability standards provide or establish performance criteria that a system must meet. They provide transparency and predictability in determining and addressing reliability issues as well as in identifying system improvements and/or changes to operating practices. Deviations from established standards or criteria would signal and identify system reliability issues and concerns. DBEDT observes that the HECO REPORT simply provided a general overview of the "system issues and concerns" without providing basis on how those "issues and concerns" were identified absent any showing of clear and specific standards or system performance criteria that are either not being met or are being violated by the existing renewable generation levels in the system, much less providing quantitative evidence of the issues' occurrences.

4. The HECO REPORT provided general descriptions of the potential issues and challenges associated with the increased deployment of DG and variable or intermittent renewable generation which are fundamentally correct. However, the HECO REPORT did not provide supporting

evidence of actual experiences or occurrences for these issues. For instance, the HECO REPORT states that "[t]he HELCO system, with its high existing penetration of distributed PV, provides a case study for overall system impact issues that can occur at high penetration of DG relative to the overall system size". (Attachment 2, at 1.) However, there is nothing in the Report that provides evidence to the occurrences of these "overall system impact issues," much less an analysis of these occurrences to support the conclusion of deferring additional DGs on HELCO.

The HECO Companies' response to Blue Planet/HECO-IR-39 appears to indicate that the HECO Companies' assertion regarding the "significant impact on system frequency" of the DG penetration levels on the HELCO system is simply deduced from "the known characteristics of distributed variable resources (such as PV)…" The HECO Companies' response further states that "the lack of data regarding variability and correlation between sites for variable distributed PV … hinders the ability to analyze and quantify the impacts." With this revelation, how then did the companies' "system studies" reach their conclusions regarding the "significant system reliability impacts" of the DG penetration on the HELCO system? As the HECO

REPORT clearly stated: "[a] limited amount of analysis has been done to understand the reliability impact of the existing level of DG on the HELCO system." (Attachment 2, at 16.) Due to this apparent deficit of available data, this limited understanding of the reliability impact of renewables should not be a cause for deferring additional DGs on the HELCO system.

DBEDT also observes that the report does not indicate what penetration level or how much distributed generation will result to "system reliability impacts". In other words, the report has not provided an analysis on the levels of DG penetration that would cause system reliability impacts. The determination of such penetration levels would undoubtedly require the establishment of reliability standards which the HECO Companies failed to provide.

5. The HECO REPORT did not establish nor provide quantitative and substantive evidence to delay the implementation of the FIT Program on any island. The report did not present any new and/or different information from those already raised by the HECO Companies during the first phase of this docket as well as during the panel hearing. The report was simply a rehash of the physical system limitations and reliability concerns that the HECO Companies claimed and articulated

throughout the first phase of this docket. In fact, a full panel hearing session was devoted to discussions and discovery questions relating to the physical limitations on the utilities' ability to purchase renewables; the methods of measuring and mitigating the reliability effects associated with integrating additional renewable resources in the system; and whether the reliability concerns should be reflected in the FIT design or should be addressed separately through the interconnection standards.[4] The HECO REPORT has not provided any new information regarding these matters. It was the same absence and lack of supporting information and evidence on these matters which led the Commission to direct the HECO Companies to develop the reliability standards which the companies failed to develop.

6. The HECO REPORT's conclusions and recommendations were not based on adequate and pertinent quantitative information and analysis. DBEDT observes that the results and conclusions of the "system studies" discussed in the HECO REPORT were based on very limited information. According to the HECO Companies response to DBEDT/HECO-SIR-5, which requested a list of all the data used and provided to the consultant, BEW Engineering, the only information provided

[4] Panel Hearing Transcripts, April 13, 2009, Vol. I, pages 178-179.

included "the characteristics of generation on each island, the installed DG, the DG distribution information, and load data."

The HECO REPORT provided very generic (and repetitive) discussions of the potential issues that come with DG in general. However, the system studies did not verify whether in fact these potential issues are actually occurring or have occurred on the island systems, nor did the studies identify or analyze any quantitative evidence of the issues or challenges that the operators claimed to have experienced. This is evident from the HECO Companies' responses to some of the Parties' information requests such as the following:

a. DBEDT/HECO-IR-5c requested a list of the specific "system issues which negatively impact reliability" that are caused by the "present levels of distributed generation" on the HELCO system, and to provide the data that evidenced their occurrence. The HECO Companies' response was: "... Although not immediately quantifiable due to a lack of data, it is known that variable distributed generation will affect both system balancing and frequency control." DBEDT observes that this response neither provides new nor

compelling support of the same company position as articulated during the hearings.

b. DBEDT/HECO-IR-5e requested for all the data on the frequency and duration of the curtailments of each existing variable renewable generation on the HELCO system for the last three years. The HECO Companies' response was: "There is insufficient time to compile this information... The Companies anticipate that this type of information will be compiled as a part of the overall efforts of the proposed Reliability Standards Working Group." DBEDT observes that basing a proposal for the Commission's decision making to defer additional DGs on such studies without fundamental and basic data to support its conclusions is untenable and objectionable.

c. BP-HECO-IR-18 referring to curtailment of excess energy discussed in the HECO REPORT, requested to provide for HECO, HELCO, and MECO grids the actual and/or estimated total amount of curtailed energy, in aggregate and expressed in MWH, by month and by on-peak (day) and off-peak (night) periods, for the period January 1, 2008 to the present. The HECO Companies' response was: "The Hawaiian Electric Companies (MECO, HELCO and MECO grids) do not collect

actual or estimated curtailed energy data from the as-available renewable generation facilities as current data monitoring only captures energy produced (kWh)." DBEDT observes that the curtailment of existing DGs due to excess energy is one of the issues repeatedly discussed in several sections of the HECO REPORT, but yet, the companies' are unable to justify and demonstrate this system issue with credible data and analysis.

7. One of the potential issues raised by the HECO REPORT was power quality issues at the feeder or circuit level. The HECO REPORT states that "…if local generation exceeds the local load at the feeder, the excess energy may cause congestion or other operational problems at the larger system transmission level." (HECO REPORT, Exhibit 1, at 8.) However, the data on the renewable penetration levels indicate that none of the HECO systems (HECO, HELCO, or MECO) are anywhere close to this condition. For instance, the HECO REPORT raised the concern that the HELCO system has individual circuits with up to 62% penetration. (HECO REPORT, Exhibit 1, at 15). However, the data provided by the companies in response to DBEDT/HECO-SIR-3 which requested for a list of projects that were interconnected in each island's system in 2008-2009 (when over 80% of the

DGs, mostly NEM, were installed) including the project size and the percentage of renewable penetration on each circuit or feeder, does not show any circuit in HELCO with 62% renewable penetration. The data shows that the majority of the HELCO circuits (66 of the 85 circuits for which data was provided) have penetration levels that are less than 5% as summarized in the following table based on the data provided in the HECO Companies' response to DBEDT-SIR-3. The same observation is reflected by the renewable penetration for the Maui feeders where only 48 of 57 feeders with data have less than 5% renewable penetration.

Circuit#	% Renewable Penetration			
	HELCO	MAUI	MOLOKAI	HECO
Ckt 1	2.78%	5.35%	---	2.46%
Ckt 2	3.81%	5.65%	---	1.14%
Ckt 3	0.35%	4.47%	---	0.97%
Ckt 4	0.34%	0.19%	---	1.14%
Ckt 5	6.88%	---	---	2.80%
Ckt 6	3.20%	4.12%	---	0.58%
Ckt 6a	2.41%	---	---	---
Ckt 7	0.79%	0.71%	---	0.49%
Ckt 8	9.38%	0.42%	---	1.69%
Ckt 9	1.06%	0.18%	---	0.14%
Ckt 10	1.45%	8.93%	---	3.02%
Ckt 11	1.10%	7.79%	---	0.36%
Ckt 12	7.50%	5.28%	---	0.90%
Ckt 13	30.19%	5.05%	---	0.33%
Ckt 14	0.51%	0.69%	---	11.72%
Ckt 15	4.68%	3.84%	---	0.75%
Ckt 16	6.49%	1.76%	---	1.51%
Ckt 17	2.10%	2.03%	---	1.57%
Ckt 18	3.18%	0.84%	---	0.67%
CkT 19	0.53%	0.79%	---	0.73%
Ckt 20	0.57%	1.67%	---	1.56%

Ckt 21	0.14%	2.58%	---	0.39%
Ckt 22	14.88%	3.58%	---	0.30%
CkT 23	23.33%	0.04%	---	0.46%
Ckt 24	8.71%	0.06%	---	1.42%
Ckt 25	1.43%	0.43%	---	0.60%
CkT 26	5.76%	0.42%	---	1.43%
Ckt 27	0.24%	12.18%	---	1.48%
Ckt 28	0.33%	0.90%	---	0.40%
Ckt 29	0.41%	0.37%	---	5.07%
Ckt 30	9.41%	0.15%	---	0.34%
Ckt 31	2.90%	0.45%	---	0.20%
Ckt 32	0.60%	1.15%	---	4.21%
Ckt 33	4.66%	3.69%	---	0.39%
Ckt 34	0.50%	1.58%	---	0.13%
Ckt 35	1.37%	---	---	0.73%
Ckt 36	0.46%	---	---	0.62%
Ckt 37	1.50%	---	---	0.16%
Ckt 38	5.09%	1.54%	---	1.20%
Ckt 39	2.53%	0.87%	---	0.72%
Ckt 40	0.38%	0.20%	---	0.87%
Ckt 41	2.42%	4.00%	---	1.08%
Ckt 42	---	---	4.20%	9.25%
Ckt 43	5.32%	---	0.57%	0.31%
Ckt 44	1.72%	---	3.78%	10.92%
Ckt 45	1.26%	---	8.88%	3.54%
Ckt 46	1.66%	4.30%	---	3.66%
Ckt 47	0.51%	1.50%	---	1.92%
Ckt 48	0.52%	2.00%	---	1.17%
Ckt 49	1.41%	9.26%	---	0.13%
Ckt 50	0.33%	---	---	0.51%
Ckt 51	2.31%	0.26%	---	0.87%
Ckt 52	1.11%	0.20%	---	0.74%
Ckt 53	2.29%	----	0.68%	3.13%
Ckt 54	5.93%	3.85%	---	0.37%
Ckt 55	5.34%	0.70%	---	1.93%
Ckt 56	0.61%	0.30%	---	1.20%
Ckt 57	0.65%	0.81%	---	3.59%
Ckt 58	25.06%	2.06%	---	0.74%
Ckt 59	8.79%	---	---	1.31%
Ckt 60	17.67%	3.35%	---	0.13%
Ckt 61	3.41%	1.99%	---	0.39%
Ckt 62	0.63%	0.85%	---	0.34%
Ckt 63	4.40%	6.27%	---	0.37%
Ckt 64	1.69%	4.48%	---	2.53%
Ckt 65	0.29%	0.77%	---	0.05%
Ckt 66	3.07%	1.56%	---	6.12%
Ckt 67	1.50%	3.22%	---	6.02%

Ckt 68	10.26%	0.36%	---	1.45%
Ckt 69	4.94%	---	---	1.44%
Ckt 70	0.22%	---	---	0.10%
Ckt 71	0.75%	---	---	0.31%
Ckt 72	0.96%	---	---	0.88%
Ckt 73	2.96%	---	---	0.79%
Ckt 74	0.11%	---	---	0.29%
Ckt 75	3.05%	---	---	1.33%
Ckt 76	0.50%	---	---	0.21%
Ckt 77	5.75%	---	---	0.49%
Ckt 78	1.22%	---	---	0.21%
Ckt 79	1.97%	---	---	0.81%
Ckt 80	2.50%	---	---	1.19%
Ckt 81	4.76%	---	---	0.69%
Ckt 82	5.28%	---	---	0.31%
Ckt 83	1.97%	---	---	1.17%
Ckt 84	1.40%	---	---	0.42%
Ckt 85	0.72%	---	---	0.30%
Ckt 86	---	---	---	0.14%

Source: HECO Companies' Response to DBEDT-SIR-3.

The HECO Companies' response to DBEDT-SIR-3 also provided information for additional 107 feeders (Ckts 86-193) on the HECO system, which is not included in the above table. Of the additional 107 HECO feeders, only 10 of those feeders have more than 5% renewable penetration. The overwhelming majority, 80 feeders, have less than 2% renewable penetration.

This information on the renewable penetration of the feeders on the HECO systems does not support the HECO REPORT's conclusions and recommendations especially for the HELCO and MECO systems.

8. The HECO REPORT states that "the level of DG penetration on the HELCO system is such that the aggregate loss of DG

creates a noticeable and significant change in system frequency during voltage and frequency disturbances compared with system behavior prior to the connection of the large amount of DG. The impact [of the] loss of the projected amount of DG on HELCO is undoubtedly very significant, and has not been completely analyzed." (Attachment 2, at 7.) DBEDT observes that the report has not demonstrated the probability or likelihood of an aggregate loss of DG (i.e., all DGs going off). DBEDT also notes that a potential loss of aggregate DG could cause no more of a significant impact on the system (i.e., imbalance between generation and load) than the sudden loss of a very large customer load (i.e., a large military load). Hence, this concern of an aggregate loss of DG which is an unlikely possibility does not support deferring additional DG on the HELCO or MECO system, in the same way that a sudden loss of a very large load on a system does not support deferring additional DG on the system.

9. Another system issue raised in the HECO REPORT relates to excess energy wherein generation exceeds the load on the system resulting in curtailment of existing renewables. According to the HECO REPORT, "[t]his condition occurs routinely on the MECO and HELCO systems today, primarily during the off-peak times of day." (Attachment 4, at 2.)

The HECO Companies' off-peak period is normally between 9:00 p.m. to 9:00 a.m. The HECO REPORT contends that "the addition of DG resources has already increased the curtailment of existing renewable energy resources" because of the excess energy condition. (Exhibit 1, at 18.)

Based on the HECO Companies' response to DBEDT/HECO-SIR-3, most if not all of the new renewable generation that were added to the HECO systems were small net energy metered PV systems, which produce energy during the day (when the sun is up) and not during the utilities' off-peak hours in the evening. Given the non-coincidence between the production hours of the PV systems and the utilities' off-peak hours when excess energy conditions supposedly occur, DBEDT is perplexed as to how the addition of DGs, which will be mostly PV resources, will contribute to this excess energy condition serving as the basis of the HECO Companies' proposal to defer additional DGs (FIT and others) on the HELCO and MECO systems.

10. The HECO REPORT further claimed that "[i]n addition to the issues that arise with distributed generation generally, additional issues arise when much of the new generation is or will be coming from variable photovoltaic (PV) resources." (Exhibit 1. At 6). At the same time, the HECO REPORT stated that "[t]he impact of variability from

distributed PV is further complicated by the fact that the typical capacity factors, production profile, degree of variability and correlation between sites is not known…" Based on these statements, it appears that the studies have made conclusions before they even have the data.

11. The HECO REPORT recommended additional studies to evaluate the impact of the existing and projected levels of renewable penetration on the HELCO system. The HECO REPORT proposed that additional DG connections should be delayed until these additional studies are completed and mitigation measures in place to ensure that there are no "excessive negative impacts on ratepayers or reliability". (Attachment 2, at 17.) While the HECO Companies clarified their deferment proposal and declared that they are not stopping interconnecting additional DGs, the above proposal could affect the timing of the implementation the FIT program on HELCO (and MECO). DBEDT disagrees with this recommendation by the HECO Companies. As demonstrated in the above comments, the HECO Companies have not provided any data or compelling evidence of the occurrences of the so called "system reliability impacts" that are directly caused by the current DGs on the HELCO and MECO systems. As noted earlier, the HECO Companies did not develop nor provide clear, predictable, and transparent reliability

standards as required by the Commission's directive. Instead, the companies' used the Commission's guidelines for developing reliability standards to propose deferring additional DGs on the HELCO and MECO systems or attempting to limit the NEM program.

As mentioned above, reliability standards define the performance criteria that a system must meet. In the absence of reliability standards or criteria, how would one determines what would constitute an "excessive negative impact on reliability" much less determine an "excessive negative impact on consumers"?

DBEDT agrees that there is a need to conduct studies of the HECO systems. DBEDT, however, does not agree to hold-off implementing the FIT Program on HELCO and MECO while these studies are being developed. DBEDT has demonstrated above the necessity and the prudency of implementing the FIT Program on all islands as soon as possible or when the PUC-approved decoupling mechanism for the HECO Companies becomes effective. DBEDT observes that the HECO REPORT is full of "potential issues" backed with "potential scenarios". DBEDT does not support the companies' deferment proposal which DBEDT believes should be rejected by the Commission.

In summary, the HECO Companies did not develop nor provide reliability standards that would provide transparency and predictability to the determination of reliability issues in increasing renewable generation in the HECO systems, as ordered by the Commission. The HECO Report on Reliability Standards did not provide quantitative and substantive evidence and analysis to support the companies' conclusions and proposals to defer additional DGs on the HELCO and MECO systems. DBEDT recommends that the Commission approve the expeditious implementation of the FIT program on all islands as necessary to achieve Hawaii's energy independence and security for the public's best interest.

DATED: Honolulu, Hawaii, March 23, 2010.

Estrella A. Seese
Manager
Energy Planning and Policy Branch
Hawaii State Energy Office
State of Hawaii/DBEDT

Certificate of Service

I hereby certify that I have served a copy of the Department of Business, Economic Development, and Tourism's comments on the HECO Companies' *Report on Reliability Standards* filed in PUC Docket Number 2008-0273, by electronic transmission on the date of signature to each of the parties listed below.

DEAN NISHIMA
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P.O. BOX 541
HONOLULU, HI 96809

DEAN MATSUURA
MANAGER
REGULATORY AFFAIRS
HAWAIIAN ELECTRIC COMPANY, INC.
P.O. BOX 2750
HONOLULU, HI 96840-0001

JAY IGNACIO
PRESIDENT
HAWAII ELECTRIC LIGHT COMPANY, INC.
P.O. BOX 1027
HILO, HI 96721-1027

EDWARD L. REINHARDT
PRESIDENT
MAUI ELECTRIC COMPANY, LTD.
P.O. BOX 398
KAHULUI, HI 96732

THOMAS W. WILLIAMS, JR., ESQ.
PETER Y. KIKUTA, ESQ.
DAMON L. SCHMIDT, ESQ.
GOODSILL ANDERSON QUINN & STIFEL
1099 Alakea Street, Suite 1800
Honolulu, HI 96813
Counsel for the HECO UTILITIES

ROD S. AOKI, ESQ.
ALCANTAR & KAHL LLP
120 Montgomery Street, Suite 2200
San Francisco, CA 94104
Counsel for the HECO UTILITIES

MARK J. BENNETT
Attorney General of Hawaii
DEBORAH DAY EMERSON
GREGG J. KINKLEY
Deputy Attorneys General
Department of the Attorney General
State of Hawaii
425 Queen Street
Honolulu, Hawaii 96813
Tel. 586-1180

Attorneys for the Department of Business, Economic Development, and Tourism

ESTRELLA A. SEESE, MANAGER
THEODORE A. PECK, ADMINISTRATOR
HAWAII STATE ENERGY OFFICE
STATE OF HAWAII DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, & TOURISM
P.O. Box 2359
HONOLULU, HI 96804

CARRIE K.S. OKINAGA, ESQ.
GORDON D. NELSON, ESQ.
DEPARTMENT OF THE CORPORATION COUNSEL
CITY AND COUNTY OF HONOLULU
530 South King Street, Room 110
Honolulu, HI 96813

LINCOLN S.T. ASHIDA, ESQ.
WILLIAM V. BRILHANTE JR., ESQ.
MICHAEL J. UDOVIC, ESQ.
DEPARTMENT OF THE CORPORATION COUNSEL
COUNTY OF HAWAII
101 Aupuni Street, Suite 325
Hilo, HI 96720

MR. HENRY Q CURTIS
MS. KAT BRADY
LIFE OF THE LAND
76 North King Street, Suite 203
Honolulu, HI 96817

MR. WARREN S. BOLLMEIER II, PRESIDENT
HAWAII RENEWABLE ENERGY ALLIANCE
46-040 Konane Place, #3816

Kaneohe, HI 96744

DOUGLAS A. CODIGA, ESQ.
SCHLACK ITO LOCKWOOD PIPER & ELKIND
Topa Financial Tower
745 Fort Street, Suite 1500
Honolulu, HI 96813
Counsel for BLUE PLANET FOUNDATION

MR. MARK DUDA, PRESIDENT
HAWAII SOLAR ENERGY ASSOCIATION
P.O. Box 37070
Honolulu, HI 96837

MR. RILEY SAITO
THE SOLAR ALLIANCE
73-1294 Awakea Street
Kailua-Kona, HI 96740

MR. JOEL K. MATSUNAGA
HAWAII BIOENERGY, LLC
737 Bishop Street, Suite 1860
Pacific Guardian Center, Mauka Tower
Honolulu, HI 96813

KENT D. MORIHARA, ESQ.
KRIS N. NAKAGAWA, ESQ.
SANDRA L. WILHIDE, ESQ.
MORIHARA LAU & FONG LLP
841 Bishop Street, Suite 400
Honolulu, HI 96813
Counsel for HAWAII BIOENERGY, LLC
Counsel for MAUI LAND & PINEAPPLE COMPANY, INC.

MR. THEODORE E. ROBERTS
SEMPRA GENERATION
101 Ash Street, HQ. 12
San Diego, CA 92101

MR. CLIFFORD SMITH
MAUI LAND & PINEAPPLE COMPANY, INC.
P.O. Box 187
Kahului, HI 96733

MR. ERIK KVAM, CHIEF EXECUTIVE OFFICER
ZERO EMISSIONS LEASING LLC
2800 Woodlawn Drive, Suite 131

Honolulu, HI 96822

JOHN N. REI
SOPOGY INC.
2660 Waiwai Loop
Honolulu, HI 96819

GERALD A. SUMIDA, ESQ.
TIM LUI-KWAN, ESQ.
NATHAN C. NELSON, ESQ.
CARLSMITH BALL LLP
ASB Tower, Suite 2200
1001 Bishop Street
Honolulu, HI 96813
Counsel for HAWAII HOLDINGS, LLC, dba FIRST WIND HAWAII

MR. CHRIS MENTZEL
CHIEF EXECUTIVE OFFICER
CLEAN ENERGY MAUI LLC
619 Kupulau Drive
Kihei, HI 96753

MR. HARLAN Y. KIMURA, ESQ.
Central Pacific Plaza
220 South King Street, Suite 1660
Honolulu, HI 96813
Counsel for TAWHIRI POWER LLC

SANDRA-ANN Y.H. WONG, ESQ.
Attorney at Law, a Law Corporation
1050 Bishop Street, #514
Honolulu, HI 96813
Counsel for ALEXANDER & BALDWIN, INC., through its division, HAWAIIAN COMMERCIAL & SUGAR COMPANY

DATED: Honolulu, Hawaii, March 23, 2010.

Estrella A. Seese
Manager
Energy Planning and Policy Branch
Hawaii State Energy Office
State of Hawaii/DBEDT